

**MINUTES OF THE HIGHER EDUCATION APPROPRIATIONS  
SUBCOMMITTEE MEETING**

September 12, 2007

Stewart Stadium Sky Suites, Weber State University

Members Present:     Sen. Gregory S. Bell, Co-Chair  
                             Sen. Curtis S. Bramble  
                             Sen. Brent Goodfellow  
                             Rep. Kory M. Holdaway, Co-Chair  
                             Rep. Mel Brown  
                             Rep. David Clark  
                             Rep. John Dougall  
                             Rep. Kay L. McIff  
                             Rep. LaWanna "Lou" Shurtliff  
                             Rep. Curtis Webb

Members Excused:    Sen. Dan R. Eastman  
                             Rep. Ron Bigelow  
                             Rep. Bradley M. Daw  
                             Rep. Christine A. Johnson  
                             Rep. Carol Spackman Moss

Staff Present:         Spencer Pratt, Senior Fiscal Analyst, LFA  
                             Patrick Lee, Fiscal Analyst, LFA  
                             Sally Thompson, Legislative Secretary, LFA

Speakers Present:    Brian Dean, Legislative Auditor General's Office  
                             Richard E. Kendell, Commissioner of Higher Education, USHE  
                             Brian Foisy, Assistant Commissioner, USHE  
                             Dave Pershing, Senior VP for Academic Affairs, U of U  
                             Paul Brinkman, Associate VP for Budget and Planning, U of U  
                             John Schaff, Legislative Auditor General's Office  
                             Tim Osterstock, Legislative Auditor General's Office  
                             Raymond Coward, Executive VP and Provost, USU  
                             Jared Haines, VP for Instruction and Student Services, UCAT  
                             Mark Spencer, Associate Commissioner for Finance and Facilities  
                             Dr. Lucille Stoddard, Associate Commissioner for Academic Affairs

A list of visitors and a copy of the handouts are filed with the committee minutes.

**1.     Call to order - Welcome**

Co-Chair Holdaway called the meeting to order at 1:20 p.m..

2. **Legislative Performance Audit of Higher Education Personnel Budgeting Practices**

Brian Dean, Legislative Auditor General's Office, presented the results of the Performance Audit of Higher Education Personnel Budgeting Practices. Mr. Dean defined two primary concerns:

1. Carry forward funds are not being adequately disclosed to the Legislature.
2. Lack of documentation determining the significance of long term vacancies on personnel budgets.

Richard Kendell, Commissioner of Higher Education, and Brian Foisy, Assistant Commissioner of Budget and Finance, responded to these concerns, acknowledged the need for better monitoring and reporting, and agreed to provide an annual report on vacant positions, including an estimated rate of time involved filling those vacancies. An agreement was made to reallocate all base salary budgets associated with permanent vacancies and to not include them in future personnel budget requests.

Executive Vice President and Provost from Utah State University, Raymond Coward, explained the reason for unfilled positions and the time and flexibility that is needed to hire qualified employees. He expressed his desire to maintain the flexibility to continue to hire the best faculty, while being held accountable for the funds obtained.

Dave Pershing, Senior Vice President for Academic Affairs, University of Utah expressed his willingness to evaluate, reformat, and implement changes. Paul Brinkman, Associate Vice President for Budget and Planning, University of Utah, added that they are trying to determine what a reasonable number of unfilled positions should be, and that they are implementing a new more effective budgeting system.

Co-Chair Holdaway asked that a "carry forward funds" report be submitted before the 2008 Legislative Session. Commissioner Kendell agreed to provide one. He also agreed to a follow-up audit in 12 months.

3. **Report From Higher Education Task Force**

Co-Chair Bell and Co-Chair Holdaway reported that the Higher Education Task Force has met four times since the Legislative session adjourned in March 2007. Co-Chair Holdaway explained some of the items discussed within this committee that included:

1. Transfer of credits between institutions. Rep. Holdaway reported that 523 commonly numbered lower division courses are now being used between institutions.
2. UCAT - Issues relating to UCAT and how it is integrated within the USHE system are not yet resolved. It is projected that it will take several meetings to accomplish them.
3. Minority and low income students - There is a need to do a better job of including or providing opportunities to minority students.
4. Substance abuse - There is a need for continued education for avoidance.
5. Applied Technology - There is a need to determine how technology is being utilized.
6. Higher Education - A brief report was compiled related to Higher Education compensation.

Rep. Brown complimented the Task Force on getting to the bottom of these problems.

#### **4. UCAT Issues**

Co-Chair Holdaway expressed the desire to put UCAT on the agenda to let everyone know that Higher Education is looking at the UCAT issues. The main concern is how to parallel UCAT and the system of Higher Ed, while allowing separation between the two groups because of their different rolls. Rep. Holdaway identified a need to do a better job of understanding both types of institutions, the challenges, and the requests for physical facilities.

Commissioner Kendall provided a handout and made these recommendations to help integrate UCAT into the Higher Ed system:

1. Study base line information concerning how existing space is utilized. This study will be started, but the final report may not be compiled until the end of this fiscal year.
2. UCAT needs a master plan on capital facilities. Commissioner Kendall gave an example of the differences in DXATC and the campus at Dixie. He identified the value of determining the needs of UCAT statewide.

3. Make every effort to partner Public Ed., Higher Ed., and UCAT on new facilities.
4. Prepare a budget following the general budget categories which will be presented to the State Board of Regents at the same time that other institutional budgets are presented, and do the same with capital facilities and priority requests.
5. Create partnerships across institutions to create effective career pathways and degree programs resulting in the development of degrees by credit-granting institutions.

Commissioner Kendell stated that working together to overcome barriers can be done by integrating programs, sharing programs, and leveraging assets.

**5. Follow up report requested in intent language**

Co-Chair Holdaway, read Item 129, H.B 150 - intent language requesting a plan to deliver five different two-and four-year degrees at a cost of \$500 per year per student, accommodating at least 10,000 students during FY 2009. Associate Commissioner for Finance and Facilities, Dr. Mark Spencer, asked for suggestions and ideas on ways to accomplish this. Some options include: Advance Placement, Concurrent Enrollment, On-line and Distance Learning Courses, Open Courseware, and In-State Consortia.

Dr. Lucille Stoddard, Associate Commissioner for Academic Affairs, explained that Distance Courses cost more than what they originally thought.

Rep. Brown wanted clarification concerning the intent language and asked if the cost to the state would be higher than originally thought. Dr. Spencer verified that it would.

The Commissioner's Office made a commitment to continue to research ways to drive costs down.

**6. Report regarding institutional equity**

This report was requested by the Higher Education Appropriations Subcommittee (1/18/07), to include suggestions for remedy and strategies for a more rational system. The study is to look toward a five-year plan and should look at numbers, disparities, and use of infrastructure.

Dr. Spencer presented comparisons regarding USHE institutional equity. The comparisons include the range of institutions' tuition rates, the range of tuition as a percentage of operating budgets, tax funds per FTE, and the direct cost of lower division instruction per FTE.

**7. Follow-up report on Higher Education Post-Retirement Benefits**

Commissioner Kendell and Assistant Commissioner Foisey explained information handed out concerning the Post-Retirement Benefits audit. They reported that changes to policies at the U of U and USU have brought the present value of benefits under GASB47 (termination benefits) to \$17,753,000.

Tim Osterstock confirmed that when the Auditors projected this amount, they actually went beyond GASB 45 and GASB 47 and projected system costs if these programs were to be maintained.

Rep. Clark wanted clarification that all promised financial liabilities could be met.

Assistant Commissioner Foisey clarified that all commitments are on the books and could be paid out if needed.

**8. Need for additional funding for Counseling/Advisement/ Retention**

Dr. Lucille Stoddard, Associate Commissioner for Academic Affairs, expressed a need for more, qualified Advisors. The load for advisors in Utah is not in line with the National level. Dr. Stoddard requested 112 new Academic Advisors to help retain students through making personal connections, helping students get involved, and giving effective financial advice.

Co-Chair Holdaway concluded the meeting at 5:00 p.m.